

HOUSE FINANCE COMMITTEE

May 17, 2021

9:15 a.m.

9:15:46 AM

CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 9:15 a.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Kelly Merrick, Co-Chair
Representative Dan Ortiz, Vice-Chair
Representative Bryce Edgmon
Representative DeLena Johnson
Representative Andy Josephson
Representative Bart LeBon
Representative Sara Rasmussen
Representative Steve Thompson
Representative Adam Wool

MEMBERS ABSENT

Representative Ben Carpenter

ALSO PRESENT

Senator Joshua Revak, Chair, Senate Resources Committee;
Kris Curtis, Legislative Auditor, Alaska Division of
Legislative Audit.

PRESENT VIA TELECONFERENCE

Tina Cunning, Alaska National Interest Lands Conservation
Act (ANILCA) Specialist, Anchorage; Rod Arno, Policy
Advisor, Alaska Outdoor Council; Christine Hutchison, Self,
Kenai.

SUMMARY

SB 27 INDUSTRIAL HEMP PROGRAM; MANUFACTURING

CSSB 27(RES) was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN2 (DNR).

SB 101 ADVISORY COMMISSION ON FEDERAL MGT AREAS
CSSB 101(FIN) was REPORTED out of committee with two "do pass" recommendations and six "no recommendation" recommendations and with one previously published fiscal impact note: FN2 (DNR).

Co-Chair Merrick reviewed the agenda for the meeting.

#SB27

CS FOR SENATE BILL NO. 27(RES)

"An Act relating to industrial hemp; and providing for an effective date."

[9:16:24 AM](#)

Co-Chair Merrick indicated that the companion bill had already passed out of committee and was identical to SB 27. She suggested moving the bill without hearing it.

Co-Chair Foster MOVED to report CSSB 27(RES) out of Committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, it was so ordered.

CSSB 27(RES) was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN2 (DNR).

[9:17:00 AM](#)

AT EASE

[9:20:37 AM](#)

RECONVENED

#sb101

CS FOR SENATE BILL NO. 101(FIN)

"An Act relating to the membership of the Citizens' Advisory Commission on Federal Management Areas in Alaska; extending the termination date of the

Citizens' Advisory Commission on Federal Management Areas in Alaska; and providing for an effective date."

9:20:47 AM

SENATOR JOSHUA REVAK, CHAIR, SENATE RESOURCES COMMITTEE, explained the bill. The bill extended the sunset date for the Citizens' Advisory Commission on Federal Management Areas in Alaska (CACFA) from June 30, 2021, to June 30, 2029, which was 8 years. The commission was first established in 1981, shortly after, Congress passed comprehensive legislation governing all federal public lands in the state called the Alaska National Interest Lands Conservation Act (ANILCA). Along with the Alaska Statehood Act and Alaska Native Claims Settlement Act (ANCSA), much of Alaska's lands were regulated under an extremely unique and complex legislative web. He conveyed that the mission of CACFA was helping Alaskans navigate these complex rules and regulations and work with federal agencies to ensure Congressional intent was implemented with respect to their interests. The commission served as a vigilant and knowledgeable resource for Alaskans to defend the rights and protections they were promised under federal law. The commission helped Alaskans with federal permitting and understanding access rights under ANILCA. The commission also researched and held hearings on consistency with federal law and on the management, development, and additions to federal land. He related that the Senate Finance Committee changed SB 101 by requiring that at least three of the governor's appointees to the commission were representatives of ANCSA corporations. He elaborated that ANCSA corporations were large land holders that frequently handled land access and subsistence issues and it was felt that incorporating their perspective into the commission was beneficial to its work. The committee also restored funding for one full-time position to reestablish staff support for the commission.

Co-Chair Merrick relayed that Representative Edgmon had joined the meeting.

9:23:28 AM

Representative Josephson asked how the commission had functioned the last few years without staff.

Senator Revak answered that while they were not funded the members acted as volunteers.

[9:24:15 AM](#)

Representative Wool asked how many appointees sat on the board. Senator Revak responded that there were 12 members; six were appointed by the governor and six were appointed by the legislature.

[9:24:46 AM](#)

KRIS CURTIS, LEGISLATIVE AUDITOR, ALASKA DIVISION OF LEGISLATIVE AUDIT, pointed to the Audit titled "A Sunset Review of the Department of Natural Resources, Citizens' Advisory Commission on Federal Areas (CACFA) dated April 8, 2020 (copy on file) in member's bill packets. She reminded the committee that the purpose of the sunset audit was to determine whether a board or commission was serving the public's interest and if it should be extended. She began with page 1 of the audit and read the following:

CACFA is responsible for identifying and reducing potential negative impacts on Alaska and its citizens from federal actions on any of the over 200 million acres of federal land in the state.

The commission was active from 1981 until 1999, at which time funding was eliminated. Alaska Statute 41.37 reestablished CACFA in 2007. CACFA operated from FY 08 through FY 17, when funding was again eliminated.

Ms. Curtis read from page 5 of the audit:

Federal management of land in Alaska has been widely criticized.

Concerns with federal overreach and unfulfilled commitments were the impetus for the creation of CACFA. House Bill 87, passed in 2007, reestablished the commission to advocate on behalf of Alaska citizens on issues related to federal management of Alaska land.

Ms. Curtis read from the "Report Conclusions" starting on page 7:

From the date of the prior audit in February 2015 through the time CACFA was defunded in June 2017, the commission operated effectively and did not significantly duplicate the efforts of other entities. During this period, the commission actively monitored the effects of federal regulation and management decisions in accordance with statutory duties. The audit also concluded that there is a continuing public need for the commission.

Ms. Curtis relayed that the audit recommended the legislature extend the commission's termination date eight years, to June 30, 2029. She continued to read from the audit report.

Beginning in FY 17, funding CACFA has not been a priority. While not a consistent priority for either the governor or the legislature, both entities supported the commission at separate times. The legislature approved funding for the commission in FY 17; however, the governor vetoed the appropriation. Funding for the commission in FY 18 and FY 19 was not included in the governor's request, nor the final operating bills passed by the legislature. The legislature approved funding in FY 20, but the governor vetoed the appropriation. The governor's amended FY 21 budget included funds to restore CACFA in recognition of the continued need for the commission. The proposed funding was not included in the legislature's approved budget.

The executive director monitored the Federal Register³ for new information related to CACFA's mission, provided comments on proposed changes, and brought relevant information to the commission's attention. If determined necessary, the commission sent a comment letter to the applicable federal agency. Per the prior executive director, comment letters formally summarized CACFA's concerns with proposed management plans and changes to regulations and laws. The commission sent 14 comment letters and provided testimony four times from February 2015 through August 2016. Letters and testimony were directed to federal agencies and congressional subcommittees.

[9:27:37 AM](#)

According to a prior CACFA member, CACFA invited federal agencies to present information and discuss federal plans and policies via panel discussions to help facilitate communication between the public and state and federal agencies. Meetings generally lasted for one or two days and included multiple presentations from individuals representing federal agencies such as the U.S. National Park Service, U.S. Fish and Wildlife Service, Bureau of Land Management, and State agencies such as Department of Natural Resources (DNR) and Department of Fish and Game.

Ms. Curtis remarked that the commission was very active. She indicated that the auditor did not make any recommendations. She pointed to page 21 for the response to the audit from the Department of Natural Resources (DNR) where the commissioner [Corri Feige, Commissioner, Department of Natural Resources] concurred with an eight year extension.

Representative Josephson hypothesized if the legislature had a commission that defended the federal government's interest in management of its land in protecting intact eco-systems for the visitor industry and wildlife viewing, whether the Division of Audit would determine that such a commission acted in the public interest because the legislature adopted the law creating the commission. Ms. Curtis responded that she would first look to the legislature and the governor for guidance as to whether the commission served the public's interest. She relayed that the commission was disbanded at the time of the audit and the division "struggled" with how to determine whether the commission was operating in the public's interest. She provided the criteria the auditor used to determine the need for the commission. The division investigated why the commission was initially created and whether the concerns were still valid. The division sent a letter to the administration regarding the need for the commission and received a positive response from the DNR commissioner. The governor also included funding for the commission in the budget. The division considered how the commission operated and if they were successful in achieving its mission. The audit determined that although the commission was not funded, it recommended continuing the commission, which provided the legislature with another opportunity to fund CACFA.

9:30:53 AM

Representative Josephson appreciated the due diligence of the legislative auditors. He deduced that the answer to his question would be an affirmative response from Ms. Curtis and the division would perform the same type of vetting and reach a conclusion that the commission to support intact eco-systems was in the state's interest. Ms. Curtis replied in the affirmative and added that if the legislature adopted such a measure and it was time for a sunset audit, she would follow the same process.

9:31:58 AM

Representative Wool asked why the commission was defunded in prior legislatures. Ms. Curtis replied that it was the legislature's decision whether to fund the commission. She restated that the legislature attempted to fund it in FY 2017, but the transaction was vetoed by the governor. The legislature attempted to fund it again in FY 2020 and it was again vetoed. The governor's amended budget contained CACFA funding but was not included in the final operating bill. The division concluded that while CACFA had not been a consistent priority for the executive and legislative branches both showed some interest in funding it over the past 5 years.

9:33:01 AM

Representative Wool referred to the report and ascertained that the commission had been defunded twice and for long periods of time it was eliminated. He wondered what the reasons were for defunding the commission. Ms. Curtis presumed that in 2017 it was due to budgetary reasons. She reminded Representative Wool that CACFA was established in 1981 as a temporary agency. Representative Wool cited the published fiscal note [FN2 (DNR)] and noted the \$5.2 thousand for travel and \$6.8 thousand appropriations for services. He turned to the Operating Expenditures listed in the audit on page 3 and reported that in 2016, travel costs were \$34 thousand, and services were \$77 thousand. He wondered whether the numbers in 2016 were "bloated." Ms. Curtis responded that in 2016 the commission had an executive director and a part-time staff person that were engaged in active projects. She deemed that the current fiscal note was "bare bones."

9:34:57 AM

Co-Chair Merrick noted Vice-Chair Ortiz had joined the meeting.

Co-Chair Foster informed the committee that the House had included CACFA funding in FY 2020. The funding was vetoed by the governor. He recalled that the Office of Budget and Management Director at the time was Donna Arduin, who proposed drastic budget cuts and vetoes. He had asked the governor why he vetoed the funding. The governor's response was that he thought the then presidential administration would be cooperative. He relayed that the president of the commission lived in Nome. He shared that his constituents were very interested in maintaining the commission and wanted public access to the many established trails in a nearby National Park in Nome. He received significant support from his constituents regarding passage of SB 101. He relayed that in a prior year, there had been a training on Alaska National Interest Lands Conservation Act arranged by prior Senator Giessel. He learned how complex the issues regarding ANILCA and ANCSA were. He cited the sponsor statement and read the following:

"As institutional memory and expertise is lost, and as agency decisions that revise our history and upend our reasonable expectations are deferred to by the courts, federal managers have little incentive to uphold Congress's promises to Alaskans."

Co-Chair Foster read the first phrase "as institutional memory and expertise is lost" and emphasized that was a critical point and what he worried about.

9:38:09 AM

Representative Rasmussen aligned herself with many of the prior comments. She thought it would be interesting to see if there was a parallel between the prior federal administration's actions and the actions of the board. She opined that when a federal administration was more cooperative regarding Alaska's state's rights with access to land, the legislature might not have the same level of concern versus when the state's rights were under attack as under the first few months of the Biden Administration. She felt that it was currently important to fund CACFA and deemed that the governor would support the funding.

9:39:25 AM

Co-Chair Merrick relayed the committee would hear invited testimony for SB 101.

9:39:46 AM

TINA CUNNING, ALASKA NATIONAL INTEREST LANDS CONSERVATION ACT (ANILCA) SPECIALIST, ANCHORAGE (via teleconference), shared that she worked for the state's ANILCA program since its inception in 1981 until 2010. She has been part of an ANILCA training team since 2010. She related that the governor and legislature worked hard during the ANILCA deliberations in Congress to protect economic and social opportunities for Alaska. Alaskans from all walks of life and many organizations and professions worked arduously in partnership for passage of ANILCA in 1980, that protected the Alaska lifestyle and future uses of federal lands. In 1981, the state passed legislation that formed CACFA so Alaskans could be kept informed as the lands act was being implemented and to protect uses of the public lands as Congress envisioned in ANILCA. She elaborated that while the states ANILCA program worked to protect the state's agencies' responsibilities, CACFA was invaluable in helping individuals work through the new federal requirements for commercial service permits that were necessary for things like: air taxi operators, sled dog tours, hiking guides, subsistence cabins, and access through conservation inholdings. She communicated that it had been 40 years since the passage of ANILCA and many have forgotten the special provisions for public uses that were hard won in the final ANILCA bill. Consequently, she believed that CACFA was more necessary than ever. She elaborated that currently, a federal agency published draft access regulations that would change the process requirements for acquiring permits to access non-federal land. The proposals impacted all adjacent landholders and inholders, totaling 20 million acres. The changes would impact non-federal land use for the state, ANCSA corporations, municipalities, and hundreds of Alaskans. She reported that without CACFA providing information most of the landowners would not be made aware of the conflict between the proposed federal changes, regulations, and the ANILCA process that Congress adopted already in regulation. Without CACFA, rural Alaskans had no one to help them navigate red tape or appeal decisions if a federal land manager said "no" to activities like snowmachine rentals, tour guiding, or other

economic activity. She believed that the governor and legislature were wise in establishing CACFA, a citizen forum that helped Alaskans meet their social and economic needs that were promised in the final version of ANILCA. She felt that every passing year without CACFA resulted in lost opportunities and unresolved conflicts over uses. She strongly supported reauthorization of CACFA.

[9:43:40 AM](#)

Co-Chair Merrick OPENED public testimony.

[9:43:50 AM](#)

ROD ARNO, POLICY ADVISOR, ALASKA OUTDOOR COUNCIL (via teleconference), spoke in support of SB 101 on behalf of the council. He shared that he had been a prior commissioner of CACFA from 2008 to 2017. He viewed the commission's extension as extremely important because it helped Alaskans gain access to federal public lands. Considering that 18 million acres of ANCSA land was within the conservation system units created by ANILCA, it was appropriate to have ANCSA shareholders as members. He appreciated that the committee heard the bill. He urged support for the bill.

[9:45:41 AM](#)

CHRISTINE HUTCHISON, SELF, KENAI (via teleconference), spoke in support of the bill. She had been concerned that Alaska had not received what it had deserved from the federal government. She opined that Alaska was being treated differently with the new federal administration. She strongly favored reinstating the commission with funding to protect the state's interests. She also expressed concern that the Kenai Peninsula was not properly represented on the commission. She urged support of the bill.

Co-Chair Merrick CLOSED public testimony.

[9:47:52 AM](#)

AT EASE

[9:48:32 AM](#)

RECONVENED

Representative Edgmon commented that he served on the House Finance Committee in 2016 when the decision not to fund CACFA was made. He had been concerned that the executive director was overpaid. He noted that the composition of the House Majority was very different in 2016. He voiced that he was of two minds over the issue. He related that the governor had recently proposed budget amendments in the amount of \$19 million to fight the federal government in various ways. He supported the activities of CACFA and thought that it was important. However, he was concerned with the costs associated with the bill. He saw a lot of money being mounted to fight the Biden Administration. He interjected that the Biden Administration was cooperating on the King Cove Road. He would not oppose the bill. He wanted to provide some context on the record. He restated that he saw a lot of money expended to fight the federal government and his experience was that the funding was not effective.

[9:51:38 AM](#)

Representative Wool shared some of Representative Edgmon's comments. He cited the audit and relayed that in FY 2017, personnel services were \$45 thousand and currently the cost was \$178,000. He thought that the amount was significant.

[9:52:37 AM](#)

Ms. Curtis wanted to understand the representative's comments. She asked what information he was referring to. Representative Wool clarified and noted errors in his statements. He corrected that in FY 2016, \$148 thousand was expended for personnel services and currently the cost for a staff position was \$163 thousand. Ms. Curtis replied that the information on page 11 of the audit showed capital expenditures were appropriated in FY 15 and the remainder of the funding was carryforward to fund activities in 2017. The chart did not reference an actual full-time position. She relayed that the current fiscal note of \$163,000 for one position included salaries and benefits. Representative Wool was aware of the inclusion of benefits. He believed that the amount was high for one salary with benefits. Ms. Curtis replied that typically, the cost of state benefits was high. The employee would likely have a law background and be able to navigate federal law and ANILCA. She determined that it warranted an upper level position.

[9:55:54 AM](#)

Representative Edgmon relayed that Ms. Cuning had participated in the ANILCA training mentioned by Co-Chair Foster. She demonstrated that ANILCA was very complex, and that it required an encyclopedic knowledge to understand it.

Representative Rasmussen relayed that the current federal administration issued an executive order placing 30 percent of Alaska's lands and water in protective status by 2030. She opined that there was a major opportunity cost by having a moratorium on oil and gas leases and making it more difficult for rural Alaskans to access lands and subsistence activities. The legislature needed a knowledgeable resource. She argued that it would be more costly if the legislature let the executive branch "take away" state land.

[9:57:29 AM](#)

Representative Josephson agreed with comments by Representative Edgmon. He related that he had attended the ANILCA training and while the forum was very informative, he observed a "belief that everyone in the room must think the federal government is sort of inherently evil." He suggested that there was a "silent majority" of people in the state that did not feel animosity towards the federal government. He remarked that there was a significant budget redundancy for fighting the federal government. He noted a program that was not mentioned called the "Public Access and Defense Unit" in DNR. He recalled that he had viewed CACFA's online website and felt that it was very informative and neutral in its presentation.

[9:59:22 AM](#)

Co-Chair Foster relayed that he had spoken with numerous citizens in his district who did not believe that the federal government was the enemy. However, they wanted to gain access to areas for hunting or visiting hot springs. He noted that the desired areas were traditionally used routes.

[10:00:39 AM](#)

Co-Chair Foster MOVED to report CSSB 101(FIN) out of Committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, it was so ordered.

CSSB 101(FIN) was REPORTED out of committee with two "do pass" recommendations and six "no recommendation" recommendations and with one previously published fiscal impact note: FN2 (DNR).

Co-Chair Merrick reviewed the agenda for the afternoon.

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ADJOURNMENT

10:01:18 AM

The meeting was adjourned at 10:01 a.m.